KLINER

NEWS FOR AND ABOUT K MART CORPORATION EMPLOYEES □ AUGUST 1981

D-Daiei: A Discount Store Opening in Soka, Tokyo, Japan

Last year on June 16th, K mart Corporation reached an agreement in principle with The Daiei, Inc. to provide knowledge and assistance to Daiei's development of mass merchandising operations in Japan.

That agreement has become finalized and below we have reprinted with permission from the Japanese weekly trade publication, *Shukan Shincho,* a news article on our most recent merchandising venture — A Daiei store opening. This store opened its doors to the public in just three days with 700 people working day and night stocking shelves on seven floors.

Mr. R. Archibald is general manager of the Japan Branch Office K mart International Services, Inc. working with Mr. R. L. Buch, Merchandise Manager of Softlines, Mr. L. B. Corwin, Merchandise Manager of Hardlines, Mr. J. D. Winslow, General Manager of Store Operations, Mr. H. R. Minton, Senior Buyer Ladies and Children's Apparel, and Mr. G. D. Gekas, Senior Buyer Hardline Departments.

Mr. Archibald who furnished us with this article said it reminded him of similar articles following some of our earlier K mart openings.

D-Daiei. Seven floors, including a basement, stocked with merchandise in just three days.

Here's the story:

This discount store is the one into which Daiei introduced part of its goods from the world's largest discount store chain, K mart Corporation in the U.S. The building is 6-storied with one basement floor. The name of the store is D-Daiei — "D" is taken from "D" in discount.

It was opened on April 16. Despite the rain and being a week-day, there was about a crowd of 1,000 people waiting in line before the opening at 10 a.m. The bicycle shed which can accommodate about 2,000 bikes was about full. This not only happened on the opening day. The most striking was Saturday, April 18th. The crowd of people that arrived from Soka Station was so great the store guardsmen had to be out, controlling the traffic from the station to the store. On the right side of the street people were lining up trying to get into the store, and on the left side were people who finished buying, carrying shopping bags full of goods.

There were even customers spreading out their lunch boxes on the bench at the front of the store near noon time — To go shopping with "lunch in hand" shows how enthusiastic people were. Within the bicycle shed, there is a parking lot which can accommodate 100 cars but this was full too, and cars were lining up waiting for their turn to get in — there were even some who parked on the street and rushed into the store — it was indeed a traffic jam.

Even if one managed to get near the store after lining up for quite some time, further time had to be exhausted to get into the store — people really had to elbow their way through the crowd.

Inside the store was just another scene of confusion — many customers asking the store clerks "which is the cheapest item" and on which floor are your "medama shohin" (meaning the (loss) leader or literally "eye catcher"). Getting on the escalator was another problem — within the store, speakers were announcing repeatedly and loudly "to sell at the cheapest is the first and foremost service to our customers." There were children crying, being pushed by the crowd. Despite the chaos, people were rushing to the booth selling the "medama shohin."

Just before the store opens you can see people impatiently waiting for the crossing to be opened — in the evening just before the closing time of the store, (7 p.m.) there are people squeezing themselves through the crossing, already about half-closed — it's really shocking at times.

Even during the non-rush hours, every time the crossing is opened, a huge crowd is seen "gushing out" and heading straight to the store. This scene just keeps repeating.

On the escalator in the store, there was not an inch of space open and we had to keep announcing loudly to watch their step. On the opening day there were two people who toppled and sprained their ankle. All we had managed to do was just watch "Safety First," and keeping guard on shoplifters had to be given up.

Even during the non-rush hours, every time the crossing is opened, a huge crowd is seen "gushing out" and heading straight to the store.

The 4th day of opening, April 19th, Sunday, being a rainy day, the crowd slightly dropped. Still, cars were queuing up (lining up) about 100 meters near the store. On the rack of bicycles,

(Continued on Page 12)

K liner

NEWS FOR AND ABOUT K mart CORPORATION EMPLOYEES

© 1981 By K mart Corporation

August, 1981
Vol. 40, No. 6
Virginia Burns — Editor
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K liner is published ten times a year by the K mart Corporation, 3100 W. Big Beaver, Troy, Michigan 48084, in the office of Harold E. Wilcox, Senior Vice President Personnel and Management Development.

Circulation: 130,713

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Good News! Shareholders Approve New Savings Plan

At the Annual Meeting in May of this year, K mart shareholders approved a new benefit plan for K mart people, originally proposed by management — The New Employee Savings Plan. Scheduled to begin on July 1, 1982, this new benefit has already been the subject of much enthusiastic discussion. "Sounds like a really good deal" is one of the comments heard frequently.

And indeed it is. The plan will permit eligible employees to save to 10% of their K mart pay and to to have their savings invested for them in their choice of three investment funds:

1. An insured guaranteed investment fund
2. A diversified Common Stock fund or
3. K mart Common Stock

Further, and most importantly, for each dollar an employee saves to 6% of his or her pay — K mart will contribute an additional fifty cents. This additional "50% matching" contribution by the company will be invested for the employee in K mart stock. All earnings on both the company contribution and the employee's (interest and dividends), will be kept in the plan and reinvested for the employee.

Each participant will receive a regular report on the amount of his or her own contributions, the amount put in by the company, the investment earnings and the total value of the employee's account. Because the company adds fifty cents for each dollar an employee saves and because the earnings on the investment of these funds are re-invested, the value of each participant's account can grow rapidly.

All employees who have completed at least two years of full time service will be eligible to participate on July 1, 1982. Those who will complete two years of service after this effectve date, may enroll as of any subsequent six month enrollment date.

We'll keep you updated on additional details concerning this new benefit plan for you.

Remember last month's Merit Scholarship recipient? If you have children who might qualify for this program, read on . . .

Last month we published a story on a Merit Scholarship recipient, James E. Smeltzer, son of Peggy Schmeltzer from K mart 4313, York, Pennsylvania. Here are the specifics for those interested in the scholarship.

To be eligible, the child must have a parent currently working for the K mart Corporation or one of it's subsidiaries.

The annual Merit Scholarship competition is administered by National Merit Scholarship Corporation (NMSC), a;n independent, nonprofit organization whose purposes are to idenitfy and honor exceptionally talented high school students and to aid as many as possible in obtaining a college education. NMSC handles the selection of winners and the administration of their awards.

Participation requirements established for NMSC for entering the competition are explained in the PSAT/NMSQT Student Bulletin, distributed to students prior to the qualifying test administration.

To enter the competition for a scholarship to be awarded in 1983, students who will complete high school requirements in 1983 and enter college in 1983 should make arrangements with their high school counselors immediately after the beginning of the school year in September, 1981, to take the PSAT/NMQST. This test measures verbal and mathematical abilities important in college work.

All 1983 winners will be chosen by NMSC who qualify as semifinalists and then advance to finalist standing in the 1983 merit program. An NMSC committee of professionals trained in selection will choose the winners by evaluating each finalist's academic record throughout high school, their qualities of leadership and extracurricular accomplishments, the school's recommendation, and the student's self-description and test scores.

The winner is then obligated to enter college as a full-time day student in the fall term following selection and must pursue a course of study leading to one of the traditional baccalaureate degrees. Scholarship winners are responsible for doing quality work in college; however, not necessarily achieving honor grades.

Workable ideas put into practice

Below we have listed some suggestions which received a local award because they are only being implemented into the store that came up with the idea. However, look them over and you might catch one that could be incorporated into improving the operation of your store.

Waste Prevention - Rotating mirror and extra vent

For stores that have blind areas we have a couple of ideas that have benefited our store a great deal. The picture with the plywood walls was taken in the auto stock room facing patio and building. We were able to put an extra small vent facing the aisles of hardware and auto where it was very difficult to see people shoplifting. We also could never see the back wall and corner of the picture department to the left of our window. So we took a 46¢ dowel from building and a $1.17 mirror from auto and we mounted the mirror on the one end of the dowel. — Joseph G. Houser, security at K mart 3031, Blaine, MN

Health and Beauty Aids - Shampoos

We set up our own *Shampoo Counter*, and use 30 inches for a "Shampoo of the Month." Because most doctors recommend we change the brand of shampoo, David feels that we could introduce new brands and a higher profit by ordering from the special discount sheets. (Code 44-14). — David L. Gatchell, department 35 at K mart 3355, Panama City, FL

Merchandise Training

An outline of all basic merchandising concepts should be developed. This outline should be reviewed and discussed with all new merchandise employees and again after they have been merchandising for six months. — Co-Manager Daniel F. O'Reilly, K mart 3462, Ft. Mitchell, KY

Energy Conservation

We use the excess (free) Pharmacy price stickers to color code our light panels for store opening, evening lighting or at closing etc., so that all personnel can easily comply with Mr. Morck's letter. — Merchandise Manager Stanley Lechert III, K mart 4134, E. Lansing, MI

Customer Service

A customer service log sheet has improved our follow-up of customer service calls on major appliances, parts orders, customer's questions that require research and a "call-back" and many other inquiries or complaints. This log is kept in a 3-post folder marked "Customer Service" which is kept near the phone so all inquiries and service calls are recorded in one place. This system has already improved our customer relations due to accurate information, and prompt follow-up, which can only build customer confidence. Good customer relations and customer confidence will lead to more sales and profit for our company. — David A. Behling, appliance department at K mart 4255, Janesville, WI

Shopping day for children

The entire company could have a promotion for a special shopping day for children to buy their Christmas presents for Mom and Dad. We ran the attached promotion at our store. Sales were $4,000 in two hours before the store opened up for normal business. — Terrance C. Hermenau, K mart 4393, Taylor, MI.

Men's and boy's western corral

Stores with the western corrall should install two cables making two extra rows for western hats.

We use plastic clips from Thomas Batts to hook hats from cables. — Richard D. Thompson, department 46 at K mart 4428, Muskegon, MI

Daisey Seal-A-Meal

Horticulturists use a Daisey Seal-A-Meal for the resealing of potting soil which has been used with great success. The assistant manager and Patricia resealed at least 200 bags with only two reopening. Patricia feels this item can also be used for resealing mens' underwear and socks, also infants wear that were sealed and opened for customers reviewing. Patricia feels the Seal-A-Meal will serve a better purpose than taping the items closed, also looks neater. — Patricia A. Fittante, department 43 at K mart 4445, Coraopolis, PA

Customer standing in service area

To help with the customers standing in the service area while their car is being repaired, John came up with a coupon for a Free Coffee, Coke, Milk or Tea. This has improved customer relations and increased the business in the Restaurant. We tested this for two months in this store and two months in this district with great results. We now have customers who come in and ask for a coupon when work is being performed on their cars. — John E. Ralosky, automotive at K mart 7095, Virginia Beach, VA

Watch promotion

Use a midway table to promote TI-50 "JOGGERS WATCH." At the register in midway, have clerks in warm-up suits. Increase sales by creating promotional atmosphere. — Resident Assistant Manager William C. Boyer IV, K mart 7096, Solana Beach, CA

Managers in-store promotion

Each month an end cap will be set aside for an in-store un-advertised promotion. It can be called the Manager's monthly special. Each month the item will change. Let the main office select an item for a given month and send a memo to all stores in advance letting them know to buy for this promotion. Hopefully if the particular vendor knows about this, we could get a cost break. Have the item on a feature end cap for one month and return the results to the main office of how many had, and sold. The item should be un-advertised at a slightly reduced price and, of course, relate to the season. A tear sheet could be used, much in the same way we do with midway madness. Some suggested items L2953 Lantern, WD40, TKI box and accessories, Frisbee, etc. The use of P.A. will be very important for this in-store promotion. — Michael V. Gray, sporting goods at K mart 9165, Lebanon, MO

Import Invoices

On an import invoice, we are printing in parenthesis next to the item description, the package quantity in one case. With the new import invoices having several listed items, this would be much simpler to close out the imports. Sometimes the books are not available or the packing slip is lost. This is how one might look: 48 72-01 Cardigans (24).

This idea will save office time and do away with unnecessary filing of claims. — Kim Kirchhof, office, K mart 4470, West Long Brand, NJ

Major Appliance Control Record Form

Add a column to the Major Appliance Control Record form. This column would be used by the appliance employee who sold the appliance to figure commission and complete record of sale. This would provide accurate records, and aid in security when the employee checks the markdown column. — Helen J. Dessin, office manager at K mart 3561, Bensalem, PA

Prevent Shoplifting

We've been having a problem with people stealing one pair of the multiple carded earrings. To prevent this I use the wide clear adhesive tape from the pharmacy department and put a piece across the entire back of the card. This makes it harder to take one pair off in a hurry, which is what most shoplifters do. It discourages them when they know they have to stand and remove the tape to remove the earrings.

I put up 24 pairs of multiple carded earrings using this method and we haven't had one pair stolen off the card. This helped the company save money. — Terri L. Meadows, department 26 and 20, K mart 7032, Elkton, VA

Check Cashing Cards

We needed more publicity for our check cashing cards. Many customers do not realize that we have them available. So I created a poster and displayed them around the store to let our customers know more about this service.

With more customers using our cards, we can provide faster check approvals at the checkouts by the customer showing his or her card, and the follow-up on returned checks is much easier due to the fact that we now have more information on our customers. I do feel if the customers realized the savings in time for them when using personal checks and cashing payroll checks with a check cashing card that we will have much faster checkout service. — Susan L. Wagner, security at K mart 4158, Waterloo, IA

THE TRES CHIC QUICHE

When the word elegant, chic or fancy is used to describe something, we always equate it with a high price tag. Not so with quiche. You can serve four to six people with one quiche and spend under $10 for an elegant and special meal. Many times you can whip up a quiche with ingredients you keep on hand in the refrigerator, such as a Quiche Lorraine. And don't let the name fool you. A quiche is as easy to make as a pie. In fact, the crust is probably the most difficult part!

Quiche Lorraine

Preheat oven to 450°.

In fry pan, cook 1/4 lb. bacon until crisp. Crumble and set aside. Using about 1 tbsp. of the bacon fat, cook 1/2 cup finely chopped onion until golden (cook slowly).

Line a 9'' pie pan or flan ring with pie crust for a single crust pie. Bake 5 minutes. Remove from oven. Sprinkle into the pie shell the bacon, onion and 1/2 lb. Swiss or Gruyere cheese, cut into small pieces.

Mix: 3 eggs, slightly beaten
2 cups cream
1/2 tsp. salt
dash of cayenne
dash of nutmug

Strain into pie shell. Bake 10 minutes at 450°, then reduce heat to 325° and bake until firm, about 20 minutes. Cut into wedges. Serves six.

Sue Holt,
K mart 7048, W. Lebanon, NH

Crab Quiche

1 cup (4-oz.) coarsely grated Swiss cheese
1 6-oz. pkg. frozen snow crab meat, thawed
1 9-inch pie shell, deep dish
4 large eggs
2 cups light cream
1/2 tsp. salt
dash of pepper

Preheat oven to 425°. Sprinkle cheese and crabmeat in bottom of pie shell. Beat eggs in a large bowl. Stir in cream, salt and pepper. Pour egg mixture into pie shell. Bake 10 minutes at 425°. Reduce heat to 325° and bake 30 minutes or longer until knife comes out clean. Makes 6 servings, 400 calories each.

Linda Wild
K mart 4030, Danville, IL

Apple and Cheese Quiche

1 10'' unbaked pie shell
6 oz. Swiss cheese
2 cups chunky applesauce
3 eggs, well beaten
1 tbsp. flour
1/2 tsp. salt
dash of pepper
1/2 tsp. ground nutmeg
1 cup milk or light cream

Cut cheese to line 10'' pie shell, bottom and sides. Spread applesauce evenly in shell. Beat eggs with flour, salt, pepper and nutmeg. Gradually beat in milk or cream Pour mixture over applesauce.

Bake in 375° oven for 40-45 minutes or until custard is set and top is browned. Cool slightly and cut into wedges. Can be served with warm applesauce if desired.

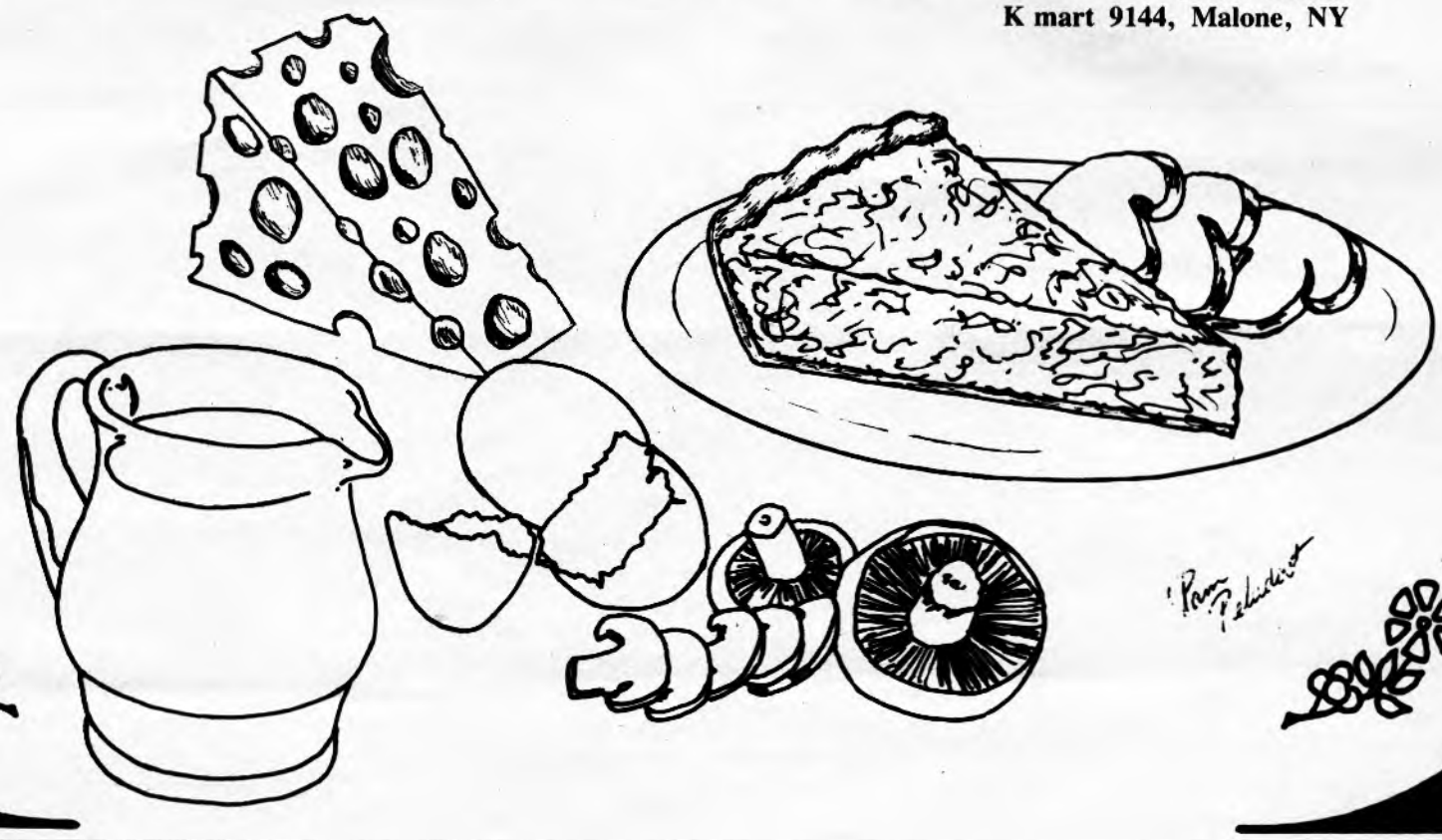
Judy Johnson
K mart 4297, Moline, IL

Ham and Spinach Quiche

1 9'' unbaked pie shell
2 slices Swiss cheese
1/2 cup chopped and drained spinach
1/2 cup sliced mushrooms
1/4 cup shredded Cheddar cheese
3 eggs, beaten
1 cup half and half
1/2 tsp. salt
2 tsps. flour
1 can Tender Chunk ham, flaked

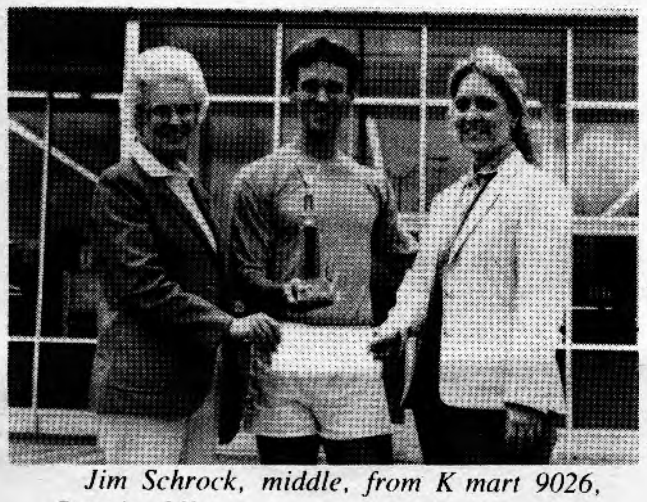
Place Swiss cheese slices in pie shell. Sprinkle with spinach and mushrooms. Mix eggs, half and half, salt and flour and pour into pie shell. Sprinkle evenly with ham and add cheddar cheese. Bake at 350° for 45 minutes.

Janet Tucker
K mart 9144, Malone, NY



From The Regions

Central



Jim Schrock, middle, from K mart 9026, Sturgis, MI.

March of Dimes run

K mart **9026,** Sturgis, MI — "Everyone who gets into the race for a good cause shares in every victory," reports Jim Schrock.

In the La Grange Country, Indiana chapter for the March of Dimes, Jim ran 20 kilometers for the battle against birth defects. Marilyn Kramer, management, sponsored Jim.

During the race, Jim realized that his entire outfit of shirt, shorts, socks and Trax shoes came from K mart. He says they were light, comfortable and just right!

Camp out

K mart **7026,** Vincennes, IN — Reporter Carol Murphy and her husband bought a school bus and made a camper out of it.

They started with just an empty shell and the drivers seat. First they added partitions for bath, bedrooms and combination kitchen and living room. They built in cabinets, added a drop in sink and stove units and bought an old refrigerator. It can be used with blocks of ice or plugged into electricity.

The couch and bunk beds have built in storage underneath.

They carry a Coleman stove and the sink is equipped to use a hand pump or hose so waste doesn't have to be carried if they live primatively, using ice in the refrigerator instead of electricity.

There is a screened in room to attach to the side of the bus when it's parked so the campers can sit outside without the mosquitos crawling all over everyone.

They've gone buggy

K mart **4166,** Toledo, OH — "My husband and I have more fun than anybody we know when we vacation," reports Vila Suchy.

"We have a dune buggy and take it to the beautiful sand dunes on Lake Michigan every summer at least once. It's better than any roller coaster ride when we fly over the sand dunes on an open sand trail.

"Karl, my husband, built it from a kit. He sooped up the motor, until it flies. He races the buggy and brings home trophy after trophy.

"My time in it consists of rides around the fields near our home and those times when we are at the dunes. I drive it, but very carefully.

"Every evening at the dunes, we sit on top of the highest sand dune and watch the sun go down over Lake Michigan. It's so peaceful and beautiful there."

Employees "see" for the blind

K mart **3248,** South Bend, IN — "We have all heard in our class topics that treating customers right is the way to keep them coming back," says reporter Norma Switalski.

The following story is about two customers, Al and Anna Yerga, who depend on the K mart friendly attitude and helpful service.

Many times we take things for granted. Sight is one of those things that never occurs to us. What if it was taken away like it was from Al and Anna?

When Al was eight-years-old and riding a bicycle, another boy approached him and wanted to go for a ride. Al said "no" and the other boy hit Al with a baseball bat. He fell to the ground, but didn't appear to be hurt.

Two months later he developed dizziness, headaches and nausea. His parents took him to the doctor who diagnosed Al's condition as pressure on the brain, and ordered surgery.

After the surgery, Al woke up, opened his eyes and he was blind.

His parents sent him to the Indiana School for the Blind. In 1941, at age 18, Al was in the school office and met an eight-year-old girl. They were both homesick, struck up a coversation and Al learned that the girl had gone blind due to a skull fracture and split optic nerve. This was a result of an accident she had while crossing the street with her eyes closed. Some friends had bet her, on a dare, that she couldn't cross the street with her eyes shut, like a blind person. As she crossed, a car hit her and she received a skull fracture.

Al graduated from the school in 1946 and went on to Indiana University where he graduated in 1951. He landed a job in a hospital, then moved back to his home town of Hammond, Indiana where he got a job at St. Catherine's Hospital and worked for 23 years.

Anna graduated from the School for the Blind and went home to work for St. Joseph's Hospital in South Bend.

Al and Anna lost track of each other for 20 years. By chance, in 1966, they met at a convention in Louisville, Kentucky. Then again in 1972, they ran into each other, sparks flew and they were married in 1973.

In 1978 they moved to South Bend near Anna's mother, who was ill. They bought a house and needed to buy things to make improvements.

This means that they needed special help in shopping but wanted to frequent a store where the prices were low and the assortment was great. They chose K mart.

One of the employees was asked to help Al and Anna shop. The employee's reaction was "Who me? I don't know anything about blind people. What can I do?"

About two hours later, Al and Anna left, and were very satisfied customers. Now they always shop at K mart because of the helping hand they get from the friendly employees.

Al says that Mr. Kresge had the right idea in establishing a people store — a place for the average working person filled with good variety and good prices. And beyond that, the employees are friendly, understanding and proud to do their jobs.

Al and Anna cannot see a clean, neat store filled with basic goods. But they do hear from the employees what an item looks like and "see" with their hands.

K mart 3248 stands in awe of Al and Anna Yerga and is happy to be of assistance to such a remarkable couple.

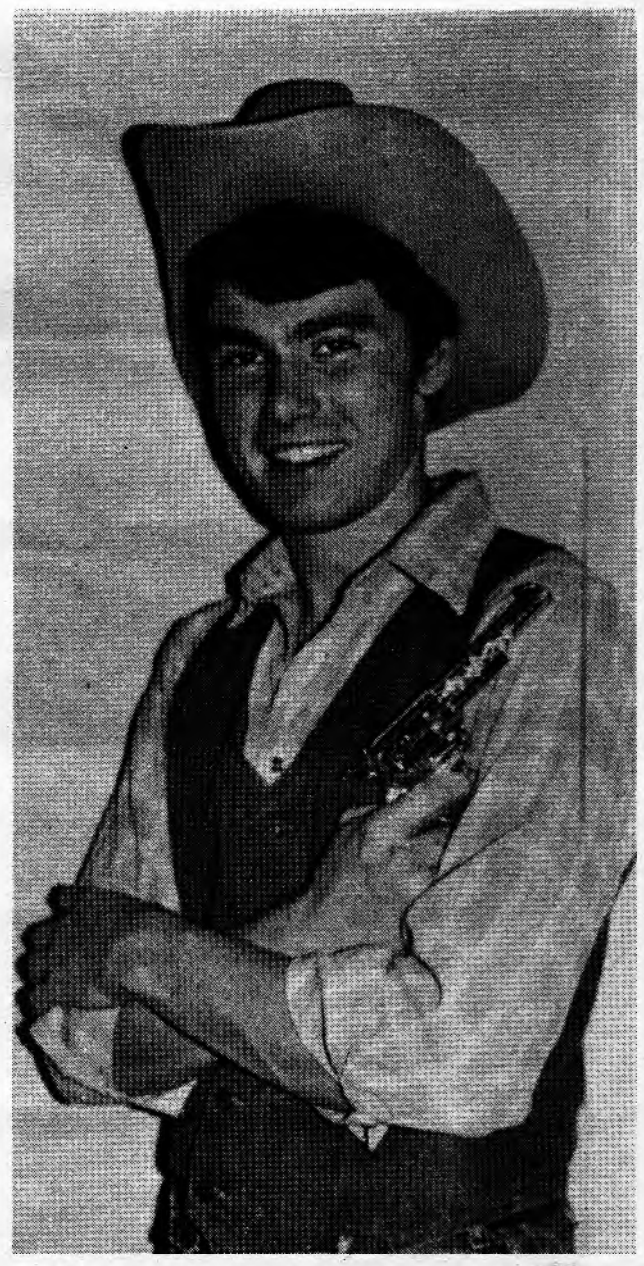
Curtains up, the show's on with Chris

K mart **9018,** Huntington, IN — Chris Carl, stockman, played the leading role of Frank Butler in his high school play "Annie Get Your Gun." He sang several hits from the show including "No Business Like Show Business" and "Anything You Can Do, I Can Do Better."

Chris also won the Keg award presented to the outstanding leading male, chosen by the other members of the cast and crew.

A senior at Huntington North High, Chris is not a stranger to the stage. In his junior year, he participated in the production of "Brigadoon." During his senior year he also played the leading role in "The Mouse that Roared" and was Master of Ceremony for the Variety Show.

Besides being on the stage, Chris finds time to be the president of the Masque and Gavel drama club.



Chris Carl, K mart 9018, Huntington, IN.

From The Regions

Eastern

Susan Chandler

Top honors at DECA nationals

K mart **3138,** Milford, MA — Ladieswear employees, Susan Chandler, made DECA history in New England at the National DECA conference held in Anaheim, California this June.

Competing against 5,000 students from every state, Susan placed in the top eight in the finance and credit written event.

Susan told us that it took her over two months to complete the written manual. When asked how she felt about placing in the nationals, she said, "I'm very, very happy. I never expected it."

Besides placing in the nationals, Susan came in second in the state competition and first at the regionals. She was secretary of the senior DECA chapter and selected outstanding business student at Memorial High School, not to mention being third in her graduating class.

Being one of four students to place from Massachusetts is what made history in New England. The north Atlantic region has never had more than one finalist from any given high school.

Susan loves to travel and mixed pleasure with her trip to Anaheim. She saw Disneyland and Universal Studios.

Employee joins 'Up with People'

K mart **3352,** Liverpool, NY — Employees brought in baked goods and crafts to sell and Store Manager Ray Cronman washed cars in front of the store to help raise money for employee Wayne Henning.

Wayne was accepted to tour with the group "Up With People" from over 7,000 students, but needed $4,800 for touring as many as 80 countries and traveling 32,000 miles.

$2,200 was raised, plus money from other local businesses and Wayne reached his goal.

"Up with People" performs at the Indianapolis 500, Carnegie Hall, with symphony orchestras, and at halftime at Super Bowl XIV. Some of the countries visited by the group recently are China, Argentina, Costa Rica and Ireland.

Plaque awarded for hiring disabled

*K mart **7134,** Cortland, NY – In honor of 1981, the International Year of the Disabled Person, the J.M. Murray Center is recognizing 7134's efforts to hire rehabilitated people from the Center.*

A plaque was given to Assistant Manager Diane Sorrells and Personnel Director Sharon Lisi. It read:

"We are all people with limitations. But all people are people with limitations. The limitations only become handicaps when the world makes them so."

Presently, 7134 has two employees working in the Family Restaurant who have been referred from the Center.

Winged friends

K mart **3122,** Newport News, VA — During the past year, employee James McCrary, better known as Mac, has made some new firneds.

Every morning at daylight, a flock of seagulls lights in the K mart parking lot. Why? They are waiting for Mac to feed them popcorn and bread.

These seagulls are so used to Mac that he can walk right up to them. After they have finished their breakfast, they will usually return to the water, but often come back to see if there are any leftovers.

On days when Mac is scheduled to work at 1 p.m., the gulls are waiting for him and hover over his truck until they are fed.

Mac says that these birds are a native of the eastern part of North Carolina and the northern part of Delaware. The black headed gulls are called laughing boobies.

Big top hoopla

K mart **3401,** Fall River, MA — "Every now and then you have days when you feel like you're in a three ring circus. At K mart 3401 we had the thrill of a three ring circus outside our front door," reports Debbie Godek.

Clyde Beatty Cole Brothers Circus, the world's largest circus under a big top was set up in the parking lot for two days. It covered over 45,000 square feet (bigger than a football field) and seated over 5,000.

The circus brings out the child in everyone and K mart employees couldn't resist all of the excitement. The aroma of hotdogs, popcorn and cotton candy lured the junk food junkies outdoors on lunch hours and breaks. The curious roamed around looking for excitement under the big top, taking in the side shows and caught feeding time along the animal dens. A few employees even went for a ride on the elephant.

K mart customers and employees were entertained to see clowns frolic through the stores, glamorous performers dining in the restaurant and the seven foot tall fire eater turned many heads as he strolled up the midway.

Shopping at K mart was excellent for the Clyde Beatty Circus, because a majority of their time is spent on the road. They appreciated the convenience of shopping in the friendliest store in town.

The Great Space Coasters, a local television show for children, filmed a circus special which will be aired this fall.

From The Regions

Midwestern

Employees keep calm during tornado

K mart **7040,** Lawrence, KS — A roaring tornado funnel dipped from the sky without warning obliterating an entire front store wall in June. One customer was crushed to death as the wall collapsed on him.

However, many lives were spared through the calm and efficient action of many of the employees.

Rick Gates was one heroic employee. "I was writing up an air conditioner sale when the lights flickered and then went out," says Rick. "I was not aware of the danger, though, until I heard a man at the check-outs shout, 'My God, it's a tornado.' " Rick said he took his flashlight and told the customers to follow him. He turned in time to watch the appliance department ceiling come down. "We then took to our knees on the floor, covered our heads and waited until it was over."

Gene Gibson, an automotive mechanic, also helped save lives. "I saw debris flying around outside and then watched the gas station building across the street go up in the sky." Gene then helped customers to the rear of the store.

Many thankful customers have written to express their gratitude. One couple, David and Glenda McDonald, wrote: "We want you to know that we were very impressed with the competence and calm exhibited by your staff, as they attempted to ensure our safety."

Ronald Schwantes, store manager, said, "I have had countless compliments both written and verbal, in regards to the way our staff handled this emergency and sought after the safety of our customers.

One can nearly always point to the ironies in virtually any unfortunate situation. Things, that said beforehand, afterward could be construed as forebodings of what was to happen.

Our situation proved to be an example of this. There were promises made to the store manager, who was leaving on vacation, that "We will hold the store together and everything will still be here when you get back."

Repeating these statements provided a comic relief. They added a needed break in the tension which ensued during the next several days of inventory, packing and removal of the entire stock. There was a nearly endless battle with rain water and Shop Vacs and squeegies were used to remove it.

One of the biggest ironies centered on a phone call to the vacationing store manager, a few hours before the tornado struck. We called to tell him that we had one of the best end of the month operating reports in a long time. Profit, cost to sell and expense control figures were ones that could allay any store manager's anxiety that all was well with his store.

Just a few hours later, he received another call which brought his vacation to an early end.

"But," Mr. Schwantes said, "our employees enthusiasm through out the ordeal has been outstanding. My favorite slogan of our staff is 'K mart 7040 will rise again!' I'm confident that by November we will be bigger and better than ever."

Editor's note: After the tornado, a salvage company was brought in to inventory what goods were left and to purchase anything salvageable from K mart. The following letter is from a regional representative who took inventory after the tornado.

Dear Ms. Powers,

This is just a note to tell you about your people who worked during the clean up operation from the tornado on June 19.

I was there from June 20 through June 27 as the inventory was removed for salvage. The enthusiasm and professionalism that not only the managers and supervisors displayed, but all of the regular employees as well, was really unbelievable.

Not enough can be said for Mrs. L. R. Nunn, who kept a tight rein on the complete operation and security. Also, Mr. Larry Vanderworth, Ron Schwantes, Bob Singleton, Sharon Tenpenny, Sue Dress and Brain McDowel who supplied the "go-go" motivation throughout and at the end when it was most needed.

In our business we work with a variety of jobs and people, but this was without exception the most enjoyable (if you can loosely say that about a disaster situation) working atmosphere, due entirely to the people of K mart.

Even with the everyday rain that flooded the store to the near tornado winds that following Sunday, the spirits were never dampened.

If your company has some sort of merit award, these people should surely receive one.

Sincerely,
Jim Myers
M.F. Bank and Company, Inc.
Fenton, MO.

Golfing ace

K mart **7222,** Hoffman Estates, IL — Ray Scudder, sporting goods/automotive manager, placed first in a field of 206 golfers in the 12th Annual Carpentersville Policeman's Benevolent Association Golf Outing.

The outing was held at Bonnie Dundee Country Club in East Dundee and Ray shot a three over par (74) to take top honors. He also received a trophy for the "closest to the pin" by placing his tee shot 18" from the cup on the 150 yard 15th hole.

Living in the Chicagoland area for only a few months, this honor came as quite a surprise to Ray a Morrison native.

"If it weren't for playing in our regular Wednesday K mart foursome, I never would have even considered playing in the tournament."

Also in the foursome with Ray were Steve Koberlarczyk, store manager; Drew Munson, menswear manager; and Larry McCarty, husband of one of 7222's assistant managers.

Trapping balances ecology

K mart **3241,** Springfield, IL — Kristen Brown of cameras and jewelry, has an unusual hobby. She and her husband trap on farm ponds in the area they live.

They trap muskrats and the average catch per year is 20. The elimination of the muskrat is an ecological necessity as the rodent causes an unbelievable amount of havoc wherever it resides. In a small community near where Kriston lives, the muskrats caused an estimated $14,000 in damage to a municipal water system.

Camping out

K mart **4218,** Appleton, WI — "For all those who love the out of doors and just like to get away from it all, the joys of camping and wilderness travel might well be the answer," says Gale Reierson of home improvements.

Gale and his wife and family plan everything weeks in advance for their camping trips, like the meals needed for every day, bedding, first-aid and the recreation.

Going fishing, swimming and telling stories by a camp fire while roasting marshmallows are their enjoyable memory makers.

A favorite to cook over a camp fire is pigs in a blanket, which is biscuit dough wrapped around weiners and roasted on a stick over the fire.

Tornado damage at K mart 7040, Lawrence, KS.

From The Regions

Southern

MS poster child

K mart **4295,** Miami, FL - A day at K mart 4295 often seems incomplete without a visit from Maria Ramirez. Maria's joyous personality shines throughout the store whenever she visits us. At other times Maria's joy flows through her grandmother Jean Teems, who has worked at 4295 for five years. Four-year-old Maria and her mother Donna have been regular visitors to our store since Maria was born in September of 1976.

Our Little Maria is the poster child chosen by the Dade County Chapter of the Muscular Dystrophy Foundation. She shall represent Dade County on Jerry Lewis' Television special later this year. For this double honor we offer Maria our hearty congratulations.

Giddy-up

K mart **3469,** Melbourne, FL - Bob Dykes, Security Agent and a member of Melborne's famed Outlaws Drill and Performance Team, made a sponsored 40 mile horseback ride from Titusville's Miracle Mall to Melborne's Brevard Mall.

The Outlaws, who perform for charitable causes all over Florida, made this ride to raise funds for the Brevard County Multiple Sclerosis Foundation. M.S. is a disease that attacks nerve fibers and causes interruption of nervous impulses. There is no known cure for this crippling disease, only hope.

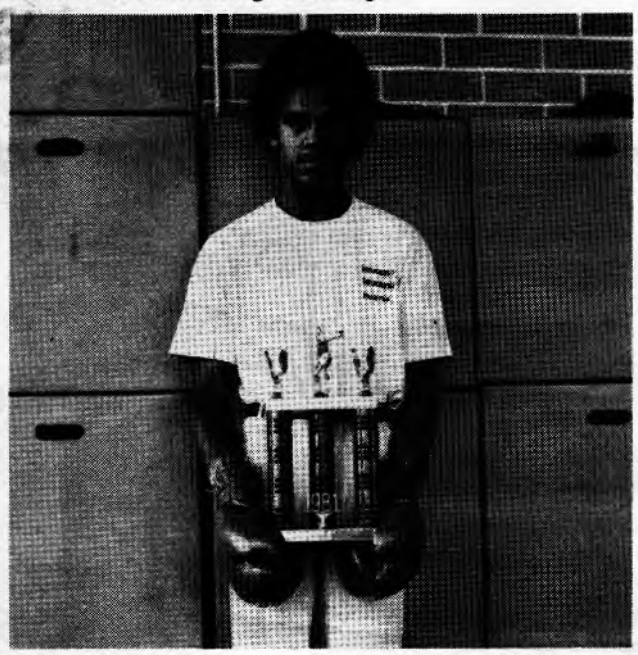
Bob, and his wife Barbara and son Scott who also made the ride, obtained pledges from the store's manager and employees totaling $500.

Twelve riders started at Titusville, twelve riders finished at Melborne, bone tired, sore, jubilant and proud to have accomplished what they started out to do.

Prizes galore

K mart **9249,** Toccoa, GA — Johnette Tucker in the Jewelry Department won $10,000 in a three-state Burger King Contest. Twenty Burger King stores from North Carolina, South Carolina, and Georgia participated in the contest but there was only one $10,000 prize. "I did not even go in for the order. But when I saw that winning card, I ran in — bare feet and all — to see the store manager."

Debbie Ayers, cashier, also won big. She won a color T.V., diamond ring, and musical clock from American Purchasing Exchange.



Eric McKee, K mart 3384, Kenner, LA

Microwave school

K mart **3563,** Winter Park, FL — The first K mart Microwave Cooking School in the area started on May 12th and lasted six weeks. Classes were held each Tuesday night from 6:30 to 8:30 p.m. Sixty people were registered and they were allowed to bring guests if they chose. Everyone said it was a great success and that they had learned many things about the microwave ovens they had bought. Two hundred microwaves were sold in the area and the total sales increased remarkably. Instructors Mary Gifford and June Hankins dazzled the students with their microwave cookery from the basics to semi-advanced techniques. We are looking forward to another session in the fall!

1981 A.A.U. Boxing champ

K mart **3384,** Kenner, LA — Patio employee, Eric McKee, has won the A.A.U. Boxing Championship that was held recently in Hawaii. Eric went to the A.A.U. meets after winning the Louisiana lightweight title for amateurs. He is 20 years old and has been boxing since he was eight. He started with the Kenner Recreation Department boxing program and went on to win the State Golden Gloves Tournament. He has boxed in Russia, Cuba and Europe.

He comes from a talented family. His older brother, Darrell McKee, is a jockey and has ridden in the Kentucky Derby. His younger brother and sister also plan to be jockeys.

Eric is not sure of his plans for the future. He is undecided whether to turn pro or go to the Olympics. But he's still got four years to decide. The decision to turn pro before then may outweigh the Olympics, especially since fight promoter Angelo Dundee has already contacted him.

Former hostage shops K mart

K mart **3563,** Winter Park, FL — "One recent Saturday, employees of 3563 were pleasantly surprised by a very special family shopping in their midst," reports Doris Wilder.

It was none other than Lt. Col. and Mrs. Dave Roeder and their family. Col. Roeder is one of the ex-hostages released from Iran.

He and his family had been invited to the area as guests of the neighboring city, Orlando. With the Col. and his wife were their son, Jimmy, 15, their daughter Dawn, 9, and Col Roeder's father, Mr. Charles B. Roeder.

As they went through the checkout lane and Mrs. Roeder signed the charge slip, the Col. quipped, "I can see it now . . . "Ex-Hostage watches as wife spends all of his money!"

Off and running

K mart **4283,** Jacksonville, FL — Our store recently organized a 5,000 meter (3.1 miles) road race in Jacksonville, in conjunction with a local sporting store," reports Pat Fernee.

"Among the competitors was our store manager, Howard Thompson — a keen runner, who seldom passes up an opportunity to run in local races.

"Plaques were awarded to the first five men and first three women in the race, and gift certificates were given to the first three runners in each age group.

"In view of the encouraging turnout of 130 runners and the general popularity of the event, Howard expressed hope that we would be able to organize another race in the near future."

From The Regions

Western

Float for oil, soil, enterprise

***K mart 9050,** Lamar, CO – K mart 9050 joined into the Lamar Day festivities this year with a float. The theme this year was Oil, Soil, and Enterprise. The K mart float portrayed the major services we offer to the public: Automotive Service Center for the Oil, Our Garden and Patio Center for Soil and the main K mart doors for Enterprise.*

The K mart employees take pride in our quantity of merchandise and quality of service for the people in the Lamar area. This K mart spirit and pride shows in one of the most attractive commercial floats.

The Automotive Service people are Tina Wilce, Infants wear; Tim McGee, Menswear manager; The main door - Candy throwers - are Sherry Schemahorn, Houseware; Sharon Cole, Camera and Jewelry manager; Helen Tleck, Domestic; Jewell Lusher, Millinery manager; working on the Patio are Pat McGinnis Assistant Manager and Judy Rameriz, Service Desk.

Gifts for Miss Indian America

K mart **9074,** Sheridan, WY — Melanie Tallmadge, Miss Indian America XXVI, is in the center of the photo, holding a K mart t-shirt. Recently, Melanie has been visiting area businesses in search of gifts to be awarded to the future Miss Indian America. She will be chosen later this month at a pageant held in Sheridan. One of the gifts Melanie was given during her visit to K mart was a cassette recorder.

Fruit market draws customers

K mart **7170,** Denton, TX — This store is using a new approach to attract customers. A farmer's market is set up in the store parking lot, every Tuesday, Thursday and Saturday. It's sponsored by K mart, the local growers and the agricultural extension agency.

The turnout has been tremendous and is expected to increase as the assortment of fresh fruits and vegetables improves.

Happy Aussie

K mart **4208,** Edmonds, WA — In a country where we speak with a different accent, drive on the wrong side of the street and traffic is faster and more congested to customer Mrs. Wendy Southern, K mart is a "Little Bit of Home."

Advertising manager and store reporter, Joyce Balke, was asked by a customer if we carried a couple of household items that are available in her K mart in Australia. Unfortunately, we did not carry them.

Wendy's husband is an exchange English teacher, assistant principal at home, teaching here for one year. Most exchange teachers from Australia have to pay their own way, but the Southern's family of five are one of two families whose expenses are paid for by their government. They live in the capital, Canberra.

In her first shopping trip to our store she thought most prices were about the same or a little less. One big difference was in the metal thermoses, $30 in Australia, but here in the states they are less than $20. She shops in a fairly new store in a mall. I asked her how she liked our store. Beaming she said, "Lovely — I feel right at home."

I asked if they said, "Thank you for shopping at K mart in Australia." She said, "No, she was quite sure they did not, but she feels that here at this store and this country we are more polite and courteous."

After we said, "Goodbye" she assured me she would shop often at 4208.

Match point

K mart **9074,** Sheridan, WY — Randy Dana, stockboy of 9074, recently captured the Wyoming State Racquetball Singles Championships held in Jackson Hole, Wyoming, Dana's superb form and agility, netted the first place honors in the tournament. In the crowd thrilling final match, Dana came back from a first game loss to win the final two matches, the last match being an 11-point tie breaker with a score of 11 to nine.

City of Roses blooms in June

K mart **3025,** Tualatin, OR — Portland is the "City of Roses" and in the month of June the city and surrounding communities celebrate with a grand floral parade and rose shows. Store 3025 celebrated with their own rose show with employees bringing their favorite and most beautiful roses. Besides the fun of bragging about our roses a prize was offered for the best rose and was given to Joan McCann, service desk employee.

Notables and News

Promotions

Richard J. Brunner has been promoted to regional merchandise manager of the Western Region. Mr. Brunner joined the company in 1961, has managed several Kresge and K mart stores and has been a district manager of the Western Region since 1978.

Winston H. Carver has been promoted to buyer of hardware. He joined the company in 1955 and after managing several Kresge and K mart stores, he became district manager of the Southern Region and was promoted to assistant regional manager of the Southern Region.

Thomas J. Carpentier has been promoted to general manager of Group 9 stores. Mr. Carpentier joined the company in 1962. Since then he has managed several Kresge, K mart and Jupiter stores, served as district manager in the Eastern Region, sales and general merchandise and operations manager for Jupiter stores and sales manager and general merchandise manager for Kresge and Jupiter stores at KIH. Mr. Carpentier was promoted to co-director of Promotional stores in 1981.

George R. Daisy has been promoted to buyer of building materials. Mr. Daisy joined the company in 1960 and has since managed several Kresge and K mart stores, and served as district manager in the Central Region. In 1980, he became director of operations of Group 9 stores.

Donald D. Dickinson has been promoted to manager of the Canton Distribution Center. He joined the company in 1947 and has since managed several Kresge and K mart stores, served as district manager in the Southern Region, was buyer in the automotive division of KEI and was co-manager of the Canton Distribution Center.

John M. Earley has been promoted to the newly created position of consulting general manager, K mart Canada, Ltd. Mr. Earley began his career with K mart in 1955. He has managed several Kresge, K mart and Jupiter stores, was a district manager in the Western Region and a director of operations for Group 9 stores at KIH. He was appointed general manager of Group 9 stores in 1980.

Richard E. Gibson has been promoted to assistant to the general manager, apparel and textiles, merchandise division, G. J. Coles & Coy, Ltd. in Australia. Mr. Gibson started with K mart Apparel Corporation in 1964. He has served as assistant regional manager, divisional manager and regional personnel manager and assistant director store operation. He became sales manager-K mart Apparel Corporation in 1981.

Gerald K. Habeck has been promoted to assistant regional manager in the Southern Region. He was formerly district manager of that region. Mr. Habeck started with K mart in 1962 and since then has managed three K mart stores, a Kresge and a Jupiter before being appointed district manager in 1976.

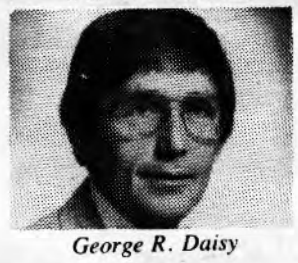
Gary B. Kovie has been promoted to buyer of men's & boys' furnishings. Mr. Kovie started with the company in 1959 and has since managed several Kresge, K mart and Jupiter stores, was a district manager in the Central Region and was regional merchandise manager of the Central Region.

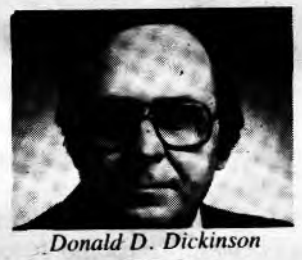
James B. MaKibbin has been promoted to manager of the Sparks Distribution Center. He joined the company in 1948 and has since managed several Kresge and K mart stores.

Richard J. Brunner

Winston H. Carver

Thomas J. Carpentier


George R. Daisy


Donald D. Dickinson

John M. Earley

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Gerald K. Habeck

Gary B. Kovie

James B. MaKibbin

James T. McKitrick

Richard S. Miller

Alvin D. Phelps

William R. Smith

David A. Wegsheid

James T. McKitrick has been promoted to regional merchandise manager of the Central Region. He joined the company in 1965 and has since managed several Kresge and K mart stores and was appointed district manager in the Central Region.

Richard S. Miller has been promoted to assistant regional manager in the Western Region. He was formerly regional merchandise manager. Mr. Miller joined the company in 1960 and has since managed several Kresge and K mart stores, served as district manager in the Western Region and was regional personnel manager.

Alvin D. Phelps has been promoted to buyer of infants wear. He joined the company in 1956 and has managed several Kresge and K mart stores and served as district manager in the Western Region. In 1979 he became assistant regional manager.

William R. Smith has been promoted to senior buyer of hardware. He joined the company in 1959 and has managed several Kresge and K mart stores, served as district manager in the Southern Region, been a buyer and training supervisor at KIH and was a buyer in infants wear in 1980.

David A. Wegsheid has been promoted to general sales manager and merchandise manager Kresge and Jupiter stores. He started with K mart in 1959 and has managed several Kresge and K mart stores, served as district manager in the Midwestern Region and was sales promotion and merchandise manager of Kresge and Jupiter stores at KIH since 1980.

Dennis R. Barringer has been promoted to K mart district manager in the Western Region. He started with K mart in 1968 and has managed one Kresge and one K mart before becoming manager of K mart 4151, Sparts, Nevada, in 1977.

Theresa S. Chase, Manager of K mart 3204, Amherst, Ohio has been promoted to K mart district manager in the Central Region. She started with the company in 1960 and has managed two Kresge stores and one K mart.

Morris C. Fandrich has been promoted to K mart district manager in the Midwestern Region. He started with the company in 1969 and has managed one K mart, served as merchandise manager and was appointed manager of K mart 3128, Onid, Oklahoma.

Michael J. Fitzgibbons has been promoted to Kresge/Jupiter district manager in the Midwestern Region. He started with K mart in 1968 and has managed two Kresge stores and one K mart prior to his appointment to manager of K mart 4226, Bettendorf, Iowa.

J. Grassi has been elected as assistant treasurer of the central payroll department at KIH. Mr. Grassi joined K mart in 1966 and has worked in accounting, tax and central payroll departments prior to becoming director of central payroll in 1979.

In addition to the preparation of several thousand checks each month for employees on the centralized payroll, Mr. Grassi is responsible for the maintenance of accurate payroll records for all employees, including the recording of the related payroll taxes. As of June, 1981 Mr. Grassi was issuing K mart pension checks, formerly issued by John Hancock Life Insurance Company.

Keith D. Johnson, manager of K mart 4385, Greenfield, Wisconsin has been promoted to district manager of the Midwestern Region. Mr. Johnson started with K mart in 1968 and has

Notables and News

managed a Jupiter and Kresge store and two K marts.

Richard C. Krug has been promoted to assistant director of food operations. He was formerly food operations and promotional manager. Mr. Krug started with the company in 1955, serving as district food manager and regional food manager in the Central Region.

John E. Nance, manager of K mart 4474, Torrance, California has been promoted to K mart district manager in the Western Region. Mr. Nance started with the company in 1963 and has managed three Kresge stores and three K marts.

Gary W. Prosser, district food manager in the Western Region has been promoted to food operations and promotional manager. Mr. Prosser began his career with K mart in 1961 and has been food manager for three Kresge stores, a K mart Chef and a food district manager in the Eastern Region.

Lowell D. Rich, manager of K mart 4244, Knoxville, Tennessee has been promoted to K mart district manager in the Southern Region. He started with the company in 1963 and has managed two Kresge and two K mart stores.

G.D. Semmna will now supervise the stores formerly under J. L. Uhrich's supervision.

C.E. Rossie will now supervise the stores formerly under G. D. Seeman's supervision.

Retirement

William L. Cridland, Assistant Director Food Operations at KIH will retire from the K mart Corporation on August 1, 1981.

Mr. Cridland started with K mart in 1954 and was fountain manager for three Kresge stores and fountain superintendent before his appointment to assistant director of food operations in 1960.

Agreement reached with Gentor Group in Mexico

K mart Corporation Chairman Bernard M. Fauber announced that K mart has reached an agreement in principle with the Gentor Group of Monterrey, Mexico, whereby K mart will acquire 44% of the Astra Company, the wholly owned retailing subsidiary of Gentor.

The acquisition would take the form of a subscription to stock to be issued by Astra. Purchase price of the stock was not disclosed.

Under the proposed agreement, K mart would make available experienced management executives to train Astra management personnel, in addition to providing Astra with access to K mart's world-wide buying network.

The agreement is subject to finalizing certain details and the approval of the directors of K mart and Gentor, as well as the approval of the Mexican government.

Mr. Fauber said K mart is optimistic about the proposed development of Astra discount department stores in Mexico.

The Gentor Group is one of the largest investment companies in Mexico. Gentor's concerns include commerce, manufacturing, real estate, foodstuffs, agricultural development and industry.

Astra now operates a total of 16 stores in the northeast section of Mexico. Five outlets are Astra Shopping Centers, which sell general merchandise and food, and 11 are self-service stores that offer primarily food. Astra is the sixth-largest Mexican chain of its kind in sales volume.

We (K mart) are the second-largest general-merchandise retailer in the U.S., with 1980 sales of $14.2 billion dollars and we currently operate more than 2,300 retail stores in the continental U.S., Puerto Rico and Canada.

Sales Report

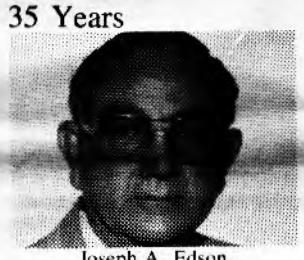
Sales for the five weeks ended July 1, 1981 were $1,615,763,000, a 17.1% increase over last year's sales which were $1,380,030,000.

Chairman Bernard M. Fauber said, "Sales for June were somewhat above expectations, with strong results in all apparel lines. A later Father's Day and relatively favorable weather boosted sales toward the end of the month. Planned promotional programs have begun to produce better sales gains in major markets, including the industrial Midwest."

As of July 1, 1981 there were 2,310 stores compared to 2,120 on July 2, 1980.

August Anniversaries

35 Years



Joseph A. Edson
SRO Atlanta, GA.

30 Years

Vinnie L. Hanspard
K mart 3276
San Leandro, CA.

30 Years

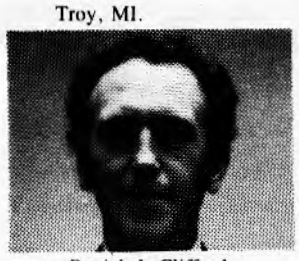
Christine Paynter
Kresge 423
Livonia, MI.

Evelyn G. Perry
KIH Troy, MI.

25 Years

Claudia A. Ryan
KIH
Troy, MI.

Waltraud S. Babcock
Kresge 315
Saulte Ste. Marie, MI.



Patrick J. Clifford
K mart 4238
Melvindale, MI.

Shirley A. Ensminger
K mart 3008
Williamsville, NY.

Norman V. Brown
FWDC
Fort Wayne, IN.

40 YEARS

Elizabeth W. Kimmick, Kresge 358, Wilmington, DE.
Luciana A. Marx, Kresge 254, Aurora, IL.
Anna C. Rote, K mart 3226, Chillicothe, OH.
Grace E. Stevens, K mart 4462, Seekonk, MA.

35 YEARS

W. D. Baney, K mart 4180, Louisville, KY.
Kathleen N. Burek, Jupiter 4503, Wheeling, WV.
Joseph P. Haught, Sr. K mart 7120, Belle Vernon, PA.
Alice M. Henry, KIH, Troy, MI.
Ruphine Lofquist, K mart 4444, Fitchburg, MA.

30 YEARS

James W. Broxon, FWDC, Fort Wayne, IN.
Betty L. Dunahoo, FWDC, Fort Wayne, IN.
Arthur N. Fosnaugh, FWDC, Fort Wayne, IN.
John W. Knight, Kresge 378, Oil City, PA.
Joe L. Melton, FWDC, Fort Wayne, IN.
Mildred H. Page, Kresge 33, New Haven, CT.
Anna M. Ptasinski, Jupiter 4561, Chicago, IL.
Edna Ritter, Kresge 621, Buffalo, NY.
Roseanna Shirley, Kresge 647, Evansville, IN.
Corma Lee Travis, FWDC, Fort Wayne, IN.
Ronald D. Van Meter, FWDC, Fort Wayne, IN.
Eula Jean Watkins, K mart 7288, Louisville, KY.

25 YEARS

Ella F. Boston, KIH, Troy, MI.
John A. Roman, KIH, Troy, MI.
Peggy J. Ross, Jupiter 4626, Freemont, OH.
James F. Tell, MRO, Hoffman Estates, IL.
Alvin D. Phelps, WRO, Covina, CA.
Dennis R. Dorn, KIH, Troy, MI.
James R. Hull, MRO, Hoffman Estates, IL.
William L. Swaidner, FWDC, Fort Wayne, IN.
Frances J. Homburg, K mart 3030, Terre Haute, IN.
Elinor M. Petersen, K mart 4434, Clinton, IA.

AUGUST STORE OPENINGS

REGION	LOCATION	OPENING DATE
C	7355 - Newport, KY	August 20
C	9676 - Streetsboro, OH	August 20
E	7443 - North Wales, PA	August 20
M	7490 - Woodstock, IL	August 20
M	9753 - Janesville, WI	August 13
S	3205 - Atlanta, GA	August 6
S	7358 - Goodlettsville, TN	August 20
S	7461 - Clarksville, TN	August 20
S	9622 - Jasper, AL	August 5
S	9723 - Angelton, TX	August 20
S	9735 - Sevierville, TN	August 6
W	7158 - Marysville, CA	August 6
W	7512 - Kearns, UT	August 20

(Continued from Page 1)

were seen middle-aged customers, putting 4 vinyl bags full of toilet paper, and on each bike handle, bags full of foodstuffs.

One housewife who came from Kawaguchi City by bike states "I spent about Y15,000 (Japanese Yen is approximately equal to .3915 on a U.S. dollar as of August 3, 1981. So Y15,000 is about $45.) Among the "medama shohin," I bought one poly bucket and a pot. They were selling pots at Y1,500 which normally costs Y5,000. All in all, I bought additional things that really were not needed now — it might have been a waste of money."

What were actually then the "medama shohin"? In the line of foods, the popular "instant ramen" (instant noodles) — normally Y55 a bag which they were selling at 3 bags for Y99. There is hardly anything lately that people can expect change for a Y100 coin, and this undoubtedly must have attracted housewives.

In the way of novelties, there were powder puffs, calculators, Japanese-made lighters, umbrellas, a set of 3 "Sheseido's" facial soaps.

The most striking, and which perhaps appalled the "Ame Yoko" (a famous bargain center in Tokyo) people, were cameras, watches, golf goods, etc. They were selling "Flash Fujika," Kodak pocket cameras, digital watches, and a full set of Wilson's golf clubs. Certainly, a great variety of goods!

The "Medama shohin" among the higher-priced category were mainly electrical goods, like Sanyo's refrigerator.

The size of discount cannot even be compared with the well-known bargain center, Akihabara Shopping Center in Tokyo.

Sharp's cassette deck was selling at Y6,700 which normally is Y29,800. On this the Sharp people state:

"It's really strange that they are being sold at such a big discount — in fact it is actually cheaper than the ex-factory price, so definitely they're selling at a loss".

Also, a shopkeeper of an electrical store in the City of Soka states:

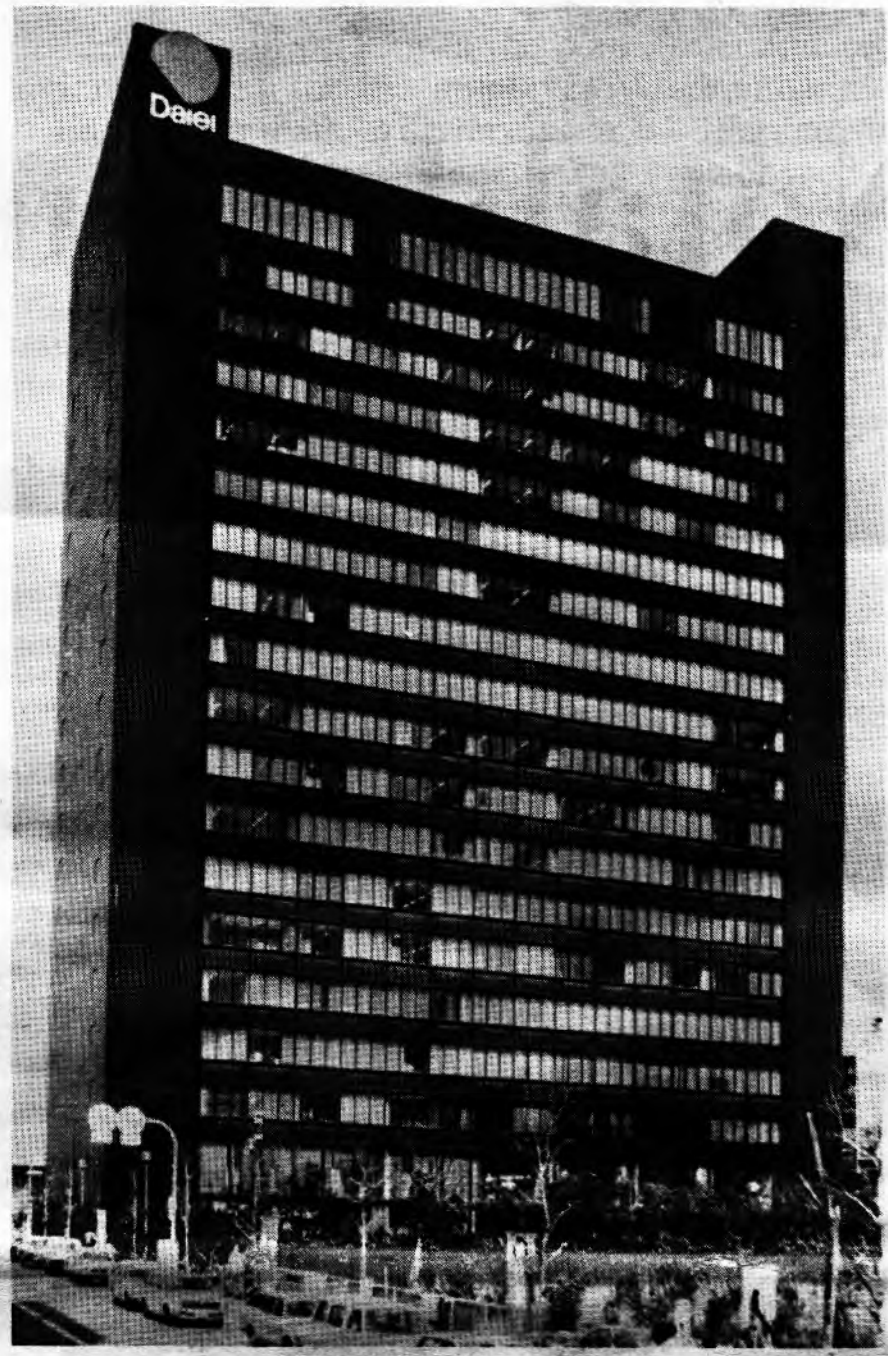
"I took a look at this store — I noticed they carry also a year or two old models — what surprised me most, they were selling National's latest models at incredible prices — they must be procuring them from special routes. There are other discount shops — for instance those who buy from small supermarkets that went bankrupt, or bargain-down goods that had been under water from fire — such discount stores normally hide the route of source from makers, by tearing off the seal that indicates the "Kiban" (product number) appearing on carton cases. By doing so, the identity of the product (when and where it was manufactured) and to which wholesalers the goods had been delivered, cannot be known."

These are normally referred to in the trade as "Batta Shohin" (meaning grasshopper merchandise.)

Now, as to the big-discounted items being sold at D-Daiei, which were introduced in the foregoing, it would now be too late to get them even if you rush to the store.

It was only during the 4 day period after opening that they were selling items at 30/40% discount or half the cost. After that, the retail prices generally would only average about 10% less than other Daiei stores.

They state even a 10% discount is not an easy one — to achieve this, cutting down various expenses from every level is necessitated. Introduction of merchandise from K mart was aimed at this — getting a share of merchandise that K mart buys directly from makers in high-volume. By doing so, the buying price would come out less than at which they normally procure through trading companies. However, at this stage the items that they procured through K mart still accounts for less than 10% of the whole merchandise, with razors and toys coming from the South East Asian countries.



The Daiei Inc., headquarters

Also promotional/ad expenses are being cut down — where other stores use 4 color ads, this store does away with the regular non-colored print. On the display field, also, things are being simplified, costing less. Indeed, the interior of the store is rather bleak — the signboard indicating sales floors, hung from the ceiling, which are seen normally at other stores, are also being eliminated.

This was originally a store that opened seven years ago, but after a week of remodeling, it emerged as a large discount store, D-Daiei.

The question of how low a cost at which new stores can be opened, is the main concern of this industry. In the case of D-Daiei, decorations were eliminated. All through our approach was to be able to sell at the lowest — and this is a test case whether consumers would support us or not.

Would Daiei's discount stores be able to continue attracting customers as at the time of the opening? Their rival, Seiyu Soka store, has already started displaying some items at discount prices lower than Daiei, in resistance.

The Daiei, Inc.

The Daiei, Inc. is headquartered in Osaka, Japan, and operates approximately 160 large department stores as well as a number of other diversified retail operations, including supermarkets. Founded in 1949, Daiei opened its first department store in 1957.

Mr. Yoshikazu Harino, visiting Troy as the Head of a 14-member Daiei delegation to K mart International Headquarters, recently was very happy to see that a formal agreement between his company and K mart had been signed. This will enable his company to develop K mart type discount merchandising operations in Japan, using K mart's trade names, trademarks, merchandising knowhow and general expertise.

He said that the purpose of the visit was to learn K mart's merchandising, operational and management concepts and practices first-hand so that his team could be fully prepared to proceed with the development of the K mart/Daiei project in Japan.

He said that when he left Japan on the current trip, Mr. Nakauchi, President of Daiei, had only a few words to tell him, "Just try to learn K mart's philosophy and culture. So far, he picked up a K mart's key phrase, "keep it simple" and is hoping to learn in detail with it really means to K mart's successful management and operations. He said that he is becoming more and more confident through current visitations that K mart type discounting will be successfully accepted by Japanese consumers because it can give them good quality and value for the price.

His 19-year career with Daiei includes store manager, apparel buyer, merchandising manager for the softline division, and the head of Central Region Headquarters with operating responsibility for 69 Daiei superstores in that region, the position which he has held up to his appointment as Daiei's responsible officer for this project. He has been on the Daiei board for over 4 years now.

His first impression, on his visit to Troy, was the vastness of land. And every house is surrounded by a large, well-cared green yard studded with trees. He said that while driving in Troy, he felt as if he were driving through a golf course.